

HOUSE BILL No. 1365

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 36-7.

Synopsis: Tax increment financing. Provides that tax increment replacement revenues may not be obtained by: (1) reducing the base assessed value of property in the tax increment area; or (2) in Marion County, funding the tax increment replacement with personal property tax revenues. Provides that if bonds are payable from tax increment financing revenues, the bonds may not be refinanced for a term that exceeds the lesser of: (1) the remaining time until the expiration of the tax increment financing area; or (2) 10 years; unless each taxing unit that is located in the tax increment financing area approves the extension by resolution. Provides that a tax increment financing area ceases after any bonds payable from tax increment revenues are paid in full. Provides that a redevelopment commission may not adopt a proposed resolution to establish or enlarge a tax increment financing area in such a manner that, if the resolution were adopted: (1) the aggregate area included in tax increment financing areas in the unit that established the redevelopment commission would exceed a percentage of the area of the unit; or (2) the aggregate base assessed value included in tax increment financing areas in the unit would exceed a percentage of the assessed value of property in the unit; unless each taxing unit that is located in the tax increment financing area approves the establishment or modification of the tax increment financing area by resolution. Provides that if a redevelopment commission establishes a debt service reserve for a bond payable from tax increment revenues, the amount of the debt service reserve may not exceed the amount required by the bond indenture plus a percentage of the annual amount of debt service required for the bond. Limits tax increment revenues to
(Continued next page)

Effective: July 1, 2014.

Pryor

January 15, 2014, read first time and referred to Committee on Ways and Means.



Digest Continued

a percentage of the amount needed to pay annual debt service on tax increment bonds. Provides that a redevelopment commission may not refinance bonds payable from tax increment financing revenues more than once. Requires the department of local government finance's division of data analysis to perform an annual analysis of tax increment financing throughout Indiana.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1365

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-21.2-12, AS AMENDED BY
2 P.L.182-2009(ss), SECTION 154, IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 12. (a) This section
4 applies if the tax increment replacement amount for an allocation area
5 in a district is greater than zero (0).
6 (b) A governing body may, after a public hearing, do the following:
7 (1) Impose a special assessment on the owners of property that is
8 located in an allocation area to raise an amount not to exceed the
9 tax increment replacement amount.
10 (2) Impose a tax on all taxable property in the district in which the
11 governing body exercises jurisdiction to raise an amount not to
12 exceed the tax increment replacement amount.
13 (3) ~~Reduce the base assessed value of property in the allocation~~
14 ~~area to an amount that is sufficient to increase the tax increment~~



1 ~~revenues in the allocation area by an amount that does not exceed~~
2 ~~the tax increment replacement amount.~~

3 (c) The governing body shall submit a proposed special assessment
4 or tax levy under this section to the legislative body of the unit that
5 established the district. The legislative body may:

6 (1) reduce the amount of the special assessment or tax to be levied
7 under this section;

8 (2) determine that no special assessment or property tax should be
9 levied under this section; or

10 (3) increase the special assessment or tax to the amount necessary
11 to fully fund the tax increment replacement amount.

12 (d) Before a public hearing under subsection (b) may be held, the
13 governing body must publish notice of the hearing under IC 5-3-1. The
14 notice must also be sent to the fiscal officer of each political
15 subdivision that is located in any part of the district. The notice must
16 state that the governing body will meet to consider whether a special
17 assessment or tax should be imposed under this chapter and whether
18 the special assessment or tax will help the governing body realize the
19 redevelopment or economic development objectives for the allocation
20 area or honor its obligations related to the allocation area. The notice
21 must also specify a date when the governing body will receive and hear
22 remonstrances and objections from persons affected by the special
23 assessment. All persons affected by the hearing, including all taxpayers
24 within the allocation area, shall be considered notified of the pendency
25 of the hearing and of subsequent acts, hearings, and orders of the
26 governing body by the notice. At the hearing, which may be adjourned
27 from time to time, the governing body shall hear all persons affected by
28 the proceedings and shall consider all written remonstrances and
29 objections that have been filed. The only grounds for remonstrance or
30 objection are that the special assessment or tax will not help the
31 governing body realize the redevelopment or economic development
32 objectives for the allocation area or honor its obligations related to the
33 allocation area. After considering the evidence presented, the
34 governing body shall take final action concerning the proposed special
35 assessment or tax. The final action taken by the governing body shall
36 be recorded and is final and conclusive, except that an appeal may be
37 taken in the manner prescribed by subsection (e).

38 (e) A person who filed a written remonstrance with a governing
39 body under subsection (d) and is aggrieved by the final action taken
40 may, within ten (10) days after that final action, file in the office of the
41 clerk of the circuit or superior court a copy of the order of the
42 governing body and the person's remonstrance or objection against that



final action, together with a bond conditioned to pay the costs of appeal if the appeal is determined against the person. The only ground of remonstrance or objection that the court may hear is whether the proposed special assessment or tax will help achieve the redevelopment of economic development objectives for the allocation area or honor its obligations related to the allocation area. An appeal under this subsection shall be promptly heard by the court without a jury. All remonstrances or objections upon which an appeal has been taken must be consolidated, heard, and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the remonstrances or objections and may confirm the final action of the governing body or sustain the remonstrances or objections. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

(f) This section applies to a governing body that:

- (1) is the metropolitan development commission for a county having a consolidated city; and
- (2) has established an allocation area and pledged tax increment revenues from the area to the payment of bonds, leases, or other obligations before May 8, 1989.

Notwithstanding subsections (a) through (e), the governing body may determine to fund that part of the tax increment replacement amount attributable to the repeal of IC 36-7-15.1-26.5, IC 36-7-15.1-26.7, and IC 36-7-15.1-26.9 from property taxes on personal property (as defined in IC 6-1.1-1-11). If the governing body makes such a determination, the property taxes on personal property in the amount determined under this subsection shall be allocated to the redevelopment district, paid into the special fund for the allocation area, and used for the purposes specified in IC 36-7-15.1-26.

SECTION 2. IC 6-1.1-33.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. The division of data analysis shall do the following:

- (1) Compile an electronic data base that includes the following:
 - (A) The local government data base.
 - (B) Information on sales of real and personal property, including nonconfidential information from sales disclosure forms filed under IC 6-1.1-5.5.
 - (C) Personal property assessed values and data entries on personal property return forms.
 - (D) Real property assessed values and data entries on real property assessment records.
 - (E) Information on property tax exemptions, deductions, and



credits.

(F) Any other data relevant to the accurate determination of real property and personal property tax assessments.

(2) Make available to each county and township software that permits the transfer of the data described in subdivision (1) to the division in a uniform format through a secure connection over the Internet.

(3) Analyze the data compiled under this section for the purpose of performing the functions under section 3 of this chapter.

(4) Conduct continuing studies of personal and real property tax deductions, abatement, and exemptions used throughout Indiana. The division of data analysis shall, before May 1 of each even-numbered year, report on the studies at a meeting of the budget committee and submit a report on the studies to the legislative services agency for distribution to the members of the legislative council. The report must be in an electronic format under IC 5-14-6.

(5) Conduct an annual analysis of tax increment financing throughout Indiana, including:

(A) the impact of tax increment financing on political subdivisions and the state; and

(B) a debt to revenue analysis.

The division of data analysis shall, before February 1 of each year, report on the analysis at a meeting of the budget committee and submit a report on the analysis to the legislative services agency for distribution to the members of the legislative council. The report must be in an electronic format under IC 5-14-6.

SECTION 3. IC 36-7-14-15.5, AS AMENDED BY P.L.119-2012, SECTION 206, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 15.5. (a) This section applies to a county having a population of more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000).

(b) In adopting a declaratory resolution under section 15 of this chapter, a redevelopment commission may include a provision stating that the redevelopment project area is considered to include one (1) or more additional areas outside the boundaries of the redevelopment project area if the redevelopment commission makes the following findings and the requirements of subsection (c) are met:

(1) One (1) or more taxpayers presently located within the boundaries of the redevelopment project area are expected within one (1) year to relocate all or part of their operations outside the



boundaries of the redevelopment project area and have expressed an interest in relocating all or part of their operations within the boundaries of an additional area.

(2) The relocation described in subdivision (1) will contribute to the continuation of the conditions described in IC 36-7-1-3 in the redevelopment project area.

(3) For purposes of this section, it will be of public utility and benefit to include the additional areas as part of the redevelopment project area.

(c) Each additional area must be designated by the redevelopment commission as a redevelopment project area or an economic development area under this chapter.

(d) Notwithstanding section 3 of this chapter, the additional areas shall be considered to be a part of the redevelopment special taxing district under the jurisdiction of the redevelopment commission. Any excess property taxes that the commission has determined may be paid to taxing units under section 39(b)(4) of this chapter shall be paid to the taxing units from which the excess property taxes were derived. All powers of the redevelopment commission authorized under this chapter may be exercised by the redevelopment commission in additional areas under its jurisdiction.

(e) The declaratory resolution must include a statement of the general boundaries of each additional area. However, it is sufficient to describe those boundaries by location in relation to public ways, streams, or otherwise, as determined by the commissioners.

(f) The declaratory resolution may include a provision with respect to the allocation and distribution of property taxes with respect to one (1) or more of the additional areas in the manner provided in section 39 of this chapter. If the redevelopment commission includes such a provision in the resolution, allocation areas in the redevelopment project area and in the additional areas considered to be part of the redevelopment project area shall be considered a single allocation area for purposes of this chapter.

(g) The additional areas must be located within the same county as the redevelopment project area but are not otherwise required to be within the jurisdiction of the redevelopment commission, if the redevelopment commission obtains the consent by ordinance of:

(1) the county legislative body, for each additional area located within the unincorporated part of the county; or

(2) the legislative body of the city or town affected, for each additional area located within a city or town.

In granting its consent, the legislative body shall approve the plan of



development or redevelopment relating to the additional area.

(h) A declaratory resolution previously adopted may be amended to include a provision to include additional areas as set forth in this section and an allocation provision under section 39 of this chapter with respect to one (1) or more of the additional areas in accordance with sections 15, 16, and 17 of this chapter.

(i) The redevelopment commission may amend the allocation provision of a declaratory resolution in accordance with sections 15, 16, and 17 of this chapter to change the assessment date that determines the base assessed value of property in the allocation area to any assessment date following the effective date of the allocation provision of the declaratory resolution. Such a change may relate to the assessment date that determines the base assessed value of that portion of the allocation area that is located in the redevelopment project area alone, that portion of the allocation area that is located in an additional area alone, or the entire allocation area.

SECTION 4. IC 36-7-14-25.1, AS AMENDED BY P.L.203-2011, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 25.1. (a) In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 27 of this chapter, the taxes allocated under section 39 of this chapter, or other revenues of the district, or any combination of these sources, the redevelopment commission may, by resolution and subject to subsection (p), issue the bonds of the special taxing district in the name of the unit. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

(1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;

(2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;

(3) capitalized interest permitted by this chapter and, **subject to subsection (q)**, a debt service reserve for the bonds to the extent the redevelopment commission determines that a reserve is reasonably required; and

(4) expenses that the redevelopment commission is required or permitted to pay under IC 8-23-17.

(b) If the redevelopment commission plans to acquire different



1 parcels of land or let different contracts for redevelopment work at
 2 approximately the same time, whether under one (1) or more
 3 resolutions, the commission may provide for the total cost in one (1)
 4 issue of bonds.

5 (c) The bonds must be dated as set forth in the bond resolution and
 6 negotiable, subject to the requirements of the bond resolution for
 7 registering the bonds. The resolution authorizing the bonds must state:

8 (1) the denominations of the bonds;

9 (2) the place or places at which the bonds are payable; and

10 (3) the term of the bonds, which may not exceed:

11 (A) fifty (50) years, for bonds issued before July 1, 2008;

12 (B) thirty (30) years, for bonds issued after June 30, 2008, to
 13 finance:

14 (i) an integrated coal gasification powerplant (as defined in
 15 IC 6-3.1-29-6);

16 (ii) a part of an integrated coal gasification powerplant (as
 17 defined in IC 6-3.1-29-6); or

18 (iii) property used in the operation or maintenance of an
 19 integrated coal gasification powerplant (as defined in
 20 IC 6-3.1-29-6);

21 that received a certificate of public convenience and necessity
 22 from the Indiana utility regulatory commission under
 23 IC 8-1-8.5 et seq. before July 1, 2008; or

24 **(C) the term determined under subsection (r), for bonds**
 25 **issued after June 30, 2014, to refund bonds payable from**
 26 **tax proceeds allocated under section 39(b)(3) of this**
 27 **chapter; or**

28 ~~(D)~~ **(D)** twenty-five (25) years, for bonds issued after June 30,
 29 2008; that are not described in ~~clause (B)~~ **clauses (A) through**
 30 **(C).**

31 The resolution may also state that the bonds are redeemable before
 32 maturity with or without a premium, as determined by the
 33 redevelopment commission.

34 (d) The redevelopment commission shall certify a copy of the
 35 resolution authorizing the bonds to the municipal or county fiscal
 36 officer, who shall then prepare the bonds, subject to subsection (p). The
 37 seal of the unit must be impressed on the bonds, or a facsimile of the
 38 seal must be printed on the bonds.

39 (e) The bonds must be executed by the appropriate officer of the
 40 unit and attested by the municipal or county fiscal officer.

41 (f) The bonds are exempt from taxation for all purposes.

42 (g) The municipal or county fiscal officer shall give notice of the



1 sale of the bonds by publication in accordance with IC 5-3-1. The
 2 municipal fiscal officer, or county fiscal officer or executive, shall sell
 3 the bonds to the highest bidder, but may not sell them for less than
 4 ninety-seven percent (97%) of their par value. However, bonds payable
 5 solely or in part from tax proceeds allocated under section 39(b)(3) of
 6 this chapter, or other revenues of the district may be sold at a private
 7 negotiated sale.

8 (h) Except as provided in subsection (i), a redevelopment
 9 commission may not issue the bonds when the total issue, including
 10 bonds already issued and to be issued, exceeds two percent (2%) of the
 11 adjusted value of the taxable property in the special taxing district, as
 12 determined under IC 36-1-15.

13 (i) The bonds are not a corporate obligation of the unit but are an
 14 indebtedness of the taxing district. The bonds and interest are payable,
 15 as set forth in the bond resolution of the redevelopment commission:

- 16 (1) from a special tax levied upon all of the property in the taxing
- 17 district, as provided by section 27 of this chapter;
- 18 (2) from the tax proceeds allocated under section 39(b)(3) of this
- 19 chapter;
- 20 (3) from other revenues available to the redevelopment
- 21 commission; or
- 22 (4) from a combination of the methods stated in subdivisions (1)
- 23 through (3).

24 If the bonds are payable solely from the tax proceeds allocated under
 25 section 39(b)(3) of this chapter, other revenues of the redevelopment
 26 commission, or any combination of these sources, they may be issued
 27 in any amount without limitation.

28 (j) Proceeds from the sale of bonds may be used to pay the cost of
 29 interest on the bonds for a period not to exceed five (5) years from the
 30 date of issuance.

31 (k) All laws relating to the giving of notice of the issuance of bonds,
 32 the giving of notice of a hearing on the appropriation of the proceeds
 33 of the bonds, the right of taxpayers to appear and be heard on the
 34 proposed appropriation, and the approval of the appropriation by the
 35 department of local government finance apply to all bonds issued under
 36 this chapter that are payable from the special benefits tax levied
 37 pursuant to section 27 of this chapter or from taxes allocated under
 38 section 39 of this chapter.

39 (l) All laws relating to:

- 40 (1) the filing of petitions requesting the issuance of bonds; and
- 41 (2) the right of:
- 42 (A) taxpayers and voters to remonstrate against the issuance of



1 bonds in the case of a proposed bond issue described by
 2 IC 6-1.1-20-3.1(a); or

3 (B) voters to vote on the issuance of bonds in the case of a
 4 proposed bond issue described by IC 6-1.1-20-3.5(a);

5 apply to bonds issued under this chapter except for bonds payable
 6 solely from tax proceeds allocated under section 39(b)(3) of this
 7 chapter, other revenues of the redevelopment commission, or any
 8 combination of these sources.

9 (m) If a debt service reserve is created from the proceeds of bonds,
 10 the debt service reserve may be used to pay principal and interest on
 11 the bonds as provided in the bond resolution.

12 (n) Any amount remaining in the debt service reserve after all of the
 13 bonds of the issue for which the debt service reserve was established
 14 have matured shall be:

15 (1) deposited in the allocation fund established under section
 16 39(b)(3) of this chapter; and

17 (2) to the extent permitted by law, transferred to the county or
 18 municipality that established the department of redevelopment for
 19 use in reducing the county's or municipality's property tax levies
 20 for debt service.

21 (o) If bonds are issued under this chapter that are payable solely or
 22 in part from revenues to the redevelopment commission from a project
 23 or projects, the redevelopment commission may adopt a resolution or
 24 trust indenture or enter into covenants as is customary in the issuance
 25 of revenue bonds. The resolution or trust indenture may pledge or
 26 assign the revenues from the project or projects, but may not convey or
 27 mortgage any project or parts of a project. The resolution or trust
 28 indenture may also contain any provisions for protecting and enforcing
 29 the rights and remedies of the bond owners as may be reasonable and
 30 proper and not in violation of law, including covenants setting forth the
 31 duties of the redevelopment commission. The redevelopment
 32 commission may establish fees and charges for the use of any project
 33 and covenant with the owners of any bonds to set those fees and
 34 charges at a rate sufficient to protect the interest of the owners of the
 35 bonds. Any revenue bonds issued by the redevelopment commission
 36 that are payable solely from revenues of the commission shall contain
 37 a statement to that effect in the form of bond.

38 (p) If the total principal amount of bonds authorized by a resolution
 39 of the redevelopment commission adopted before July 1, 2008, is equal
 40 to or greater than three million dollars (\$3,000,000), the bonds may not
 41 be issued without the approval, by resolution, of the legislative body of
 42 the unit. Bonds authorized in any principal amount by a resolution of



the redevelopment commission adopted after June 30, 2008, may not be issued without the approval of the legislative body of the unit.

(q) The amount of the debt service reserve for a bond payable solely or in part from tax proceeds allocated under section 39(b)(3) of this chapter may not exceed the sum of:

(1) the amount of the reserve required by the bond indenture; plus

(2) thirty percent (30%) of the annual amount required for debt service on the bond.

(r) The term of a bond issued under this chapter after June 30, 2014, to refund a bond payable from tax proceeds allocated under section 39(b)(3) of this chapter may not exceed the lesser of:

(1) the period remaining between:

(A) the date the refunding bonds are issued under this chapter; and

(B) the expiration date of the provision making the bond to be refunded payable from tax proceeds allocated under section 39(b)(3) of this chapter; or

(2) ten (10) years;

unless, in the case that the proposed term of the refunding bond would be greater than the term specified in subdivision (1) and less than or equal to the term specified in subdivision (2), each taxing unit wholly or partially located within the allocation area adopts a resolution allowing the term of the refunding bond to exceed the term specified in subdivision (1). Regardless, the term of the refunding bond may not exceed the term specified in subdivision (2).

(s) The refunding of bonds payable from tax proceeds allocated under section 39(b)(3) of this chapter may occur at most one (1) time:

(1) after the later of:

(A) June 30, 2014; or

(B) the effective date of the associated allocation provision; and

(2) before the expiration of the associated allocation provision.

SECTION 5. IC 36-7-14-39, AS AMENDED BY P.L.218-2013, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.



"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development



1 area before July 1, 1995, is expanded after June 30, 1995, the
 2 definition in subdivision (1) applies to the expanded part of the
 3 area added after June 30, 1995.

4 (6) If an allocation area established in a redevelopment project
 5 area before July 1, 1997, is expanded after June 30, 1997, the
 6 definition in subdivision (2) applies to the expanded part of the
 7 area added after June 30, 1997.

8 **"Net assessed value" of real property includes the net assessed**
 9 **value of partially completed improvements to real property, as**
 10 **determined under rules of the department of local government**
 11 **finance.**

12 Except as provided in section 39.3 of this chapter, "property taxes"
 13 means taxes imposed under IC 6-1.1 on real property. However, upon
 14 approval by a resolution of the redevelopment commission adopted
 15 before June 1, 1987, "property taxes" also includes taxes imposed
 16 under IC 6-1.1 on depreciable personal property. If a redevelopment
 17 commission adopted before June 1, 1987, a resolution to include within
 18 the definition of property taxes taxes imposed under IC 6-1.1 on
 19 depreciable personal property that has a useful life in excess of eight
 20 (8) years, the commission may by resolution determine the percentage
 21 of taxes imposed under IC 6-1.1 on all depreciable personal property
 22 that will be included within the definition of property taxes. However,
 23 the percentage included must not exceed twenty-five percent (25%) of
 24 the taxes imposed under IC 6-1.1 on all depreciable personal property.

25 (b) **Subject to subsection (j)**, a declaratory resolution adopted
 26 under section 15 of this chapter on or before the allocation deadline
 27 determined under subsection (i) may include a provision with respect
 28 to the allocation and distribution of property taxes for the purposes and
 29 in the manner provided in this section. **Subject to subsection (j)**, a
 30 declaratory resolution previously adopted may include an allocation
 31 provision by the amendment of that declaratory resolution on or before
 32 the allocation deadline determined under subsection (i) in accordance
 33 with the procedures required for its original adoption. **The allocation**
 34 **provision may apply to all or part of the redevelopment project**
 35 **area.** A declaratory resolution or an amendment that establishes an
 36 allocation provision after June 30, 1995, must specify an expiration
 37 date for the allocation provision. For an allocation area established
 38 before July 1, 2008, the expiration date may not be more than thirty
 39 (30) years after the date on which the allocation provision is
 40 established. For an allocation area established after June 30, 2008, the
 41 expiration date may not be more than twenty-five (25) years after the
 42 date on which the first obligation was incurred to pay principal and



1 interest on bonds or lease rentals on leases payable from tax increment
 2 revenues. However, with respect to bonds or other obligations that were
 3 issued before July 1, 2008, if any of the bonds or other obligations that
 4 were scheduled when issued to mature before the specified expiration
 5 date and that are payable only from allocated tax proceeds with respect
 6 to the allocation area remain outstanding as of the expiration date, the
 7 allocation provision does not expire until all of the bonds or other
 8 obligations are no longer outstanding. ~~The allocation provision may~~
 9 ~~apply to all or part of the redevelopment project area.~~ **After June 30,**
 10 **2014, if bonds or other obligations payable from the tax increment**
 11 **revenues of an allocation area are paid in full before the earlier of**
 12 **the expiration date of the allocation provision specified in the**
 13 **declaratory resolution, or the amendment to the declaratory**
 14 **resolution, that established the allocation provision or the**
 15 **expiration date required by this section, the allocation provision**
 16 **expires on the date the bonds or other obligations payable from the**
 17 **tax increment revenues of the allocation area are paid in full or**
 18 **July 1, 2014, whichever is earlier.** The allocation provision must
 19 require that any property taxes subsequently levied by or for the benefit
 20 of any public body entitled to a distribution of property taxes on taxable
 21 property in the allocation area be allocated and distributed as follows:

22 (1) Except as otherwise provided in this section, the proceeds of
 23 the taxes attributable to the lesser of:

24 (A) the assessed value of the property for the assessment date
 25 with respect to which the allocation and distribution is made;

26 or

27 (B) the base assessed value;

28 shall be allocated to and, when collected, paid into the funds of
 29 the respective taxing units.

30 (2) The excess of the proceeds of the property taxes imposed for
 31 the assessment date with respect to which the allocation and
 32 distribution is made that are attributable to taxes imposed after
 33 being approved by the voters in a referendum or local public
 34 question conducted after April 30, 2010, not otherwise included
 35 in subdivision (1) shall be allocated to and, when collected, paid
 36 into the funds of the taxing unit for which the referendum or local
 37 public question was conducted.

38 (3) Except as otherwise provided in this section, property tax
 39 proceeds in excess of those described in subdivisions (1) and (2)
 40 shall be allocated to the redevelopment district and, when
 41 collected, paid into an allocation fund for that allocation area that
 42 may be used by the redevelopment district only to do one (1) or



more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:



- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the



following:

(i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(M) Reimburse public and private entities for expenses incurred in obtaining information about the allocation area and making the information available to the public, including expenses for electronic equipment, license fees for software or access to data bases, and other related expenses.

The allocation fund may not be used for operating expenses of the commission.

(4) After June 30, 2014, the amount of tax increment revenue of an allocation area that is allocated and distributed under subdivision (3) during a year may not exceed one hundred thirty percent (130%) of the amount of tax increment revenues allocated and distributed under subdivision (3)(A) for the year, unless the fiscal body of the unit that established the department of redevelopment authorizes a percentage of the tax increment revenue to be allocated and distributed under subdivision (3) that exceeds one hundred thirty percent (130%) of the tax increment revenue allocated and distributed under subdivision (3)(A) for the year.

(4) (5) Except as provided in subsection (g), before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3). **After June 30, 2014, a determination made**



under this subdivision may not be changed after July 14 of a year unless each taxing unit wholly or partially located within the allocation area adopts a resolution approving the change before September 15 of the year.

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection ~~(b)(4)~~, **(b)(5)**, be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property



1 tax replacement, and formulation of the budget, tax rate, and tax levy
 2 for each political subdivision in which the property is located is the
 3 lesser of:

- 4 (1) the assessed value of the property as valued without regard to
 5 this section; or
- 6 (2) the base assessed value.

7 (g) If any part of the allocation area is located in an enterprise zone
 8 created under IC 5-28-15, the unit that designated the allocation area
 9 shall create funds as specified in this subsection. A unit that has
 10 obligations, bonds, or leases payable from allocated tax proceeds under
 11 subsection (b)(3) shall establish an allocation fund for the purposes
 12 specified in subsection (b)(3) and a special zone fund. Such a unit
 13 shall, until the end of the enterprise zone phase out period, deposit each
 14 year in the special zone fund any amount in the allocation fund derived
 15 from property tax proceeds in excess of those described in subsection
 16 (b)(1) and (b)(2) from property located in the enterprise zone that
 17 exceeds the amount sufficient for the purposes specified in subsection
 18 (b)(3) for the year. The amount sufficient for purposes specified in
 19 subsection (b)(3) for the year shall be determined based on the pro rata
 20 portion of such current property tax proceeds from the part of the
 21 enterprise zone that is within the allocation area as compared to all
 22 such current property tax proceeds derived from the allocation area. A
 23 unit that has no obligations, bonds, or leases payable from allocated tax
 24 proceeds under subsection (b)(3) shall establish a special zone fund
 25 and deposit all the property tax proceeds in excess of those described
 26 in subsection (b)(1) and (b)(2) in the fund derived from property tax
 27 proceeds in excess of those described in subsection (b)(1) and (b)(2)
 28 from property located in the enterprise zone. The unit that creates the
 29 special zone fund shall use the fund (based on the recommendations of
 30 the urban enterprise association) for programs in job training, job
 31 enrichment, and basic skill development that are designed to benefit
 32 residents and employers in the enterprise zone or other purposes
 33 specified in subsection (b)(3), except that where reference is made in
 34 subsection (b)(3) to allocation area it shall refer for purposes of
 35 payments from the special zone fund only to that part of the allocation
 36 area that is also located in the enterprise zone. Those programs shall
 37 reserve at least one-half (1/2) of their enrollment in any session for
 38 residents of the enterprise zone.

39 (h) The state board of accounts and department of local government
 40 finance shall make the rules and prescribe the forms and procedures
 41 that they consider expedient for the implementation of this chapter.
 42 After each general reassessment of real property in an area under



IC 6-1.1-4-4 and after each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

(1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1;

(2) may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, the reassessment under the reassessment plan, or the annual adjustment had not occurred; and

(3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual adjustments or the reassessment under the reassessment plan.

Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.



(j) After June 30, 2014, a redevelopment commission may not adopt a proposed declaratory resolution or an amendment to a declaratory resolution that includes a provision for the allocation and distribution of property taxes in accordance with subsection (b) if the allocation provision would establish or enlarge an allocation area in such a manner that, if the resolution or amendment were adopted:

(1) the aggregate geographic area included in allocation areas within the territory of the unit that established the redevelopment commission would exceed fifteen percent (15%) of the geographic area of the unit; or

(2) the aggregate base assessed value included in allocation areas in the territory of the unit that established the redevelopment commission would exceed fifteen percent (15%) of the assessed value of property in the unit;

unless each taxing unit wholly or partially located within the allocation area first adopts a resolution approving the proposed declaratory resolution or amendment to a declaratory resolution.

SECTION 6. IC 36-7-15.1-17, AS AMENDED BY P.L.203-2011, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 17. (a) In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 19 of this chapter, the taxes allocated under section 26 of this chapter, or other revenues of the redevelopment district, the commission may, by resolution, issue the bonds of the redevelopment district in the name of the consolidated city and in accordance with IC 36-3-5-8. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

(1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;

(2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;

(3) capitalized interest permitted in this chapter and, **subject to subsection (l)**, a debt service reserve for the bonds, to the extent that the redevelopment commission determines that a reserve is reasonably required;

(4) the total cost of all clearing and construction work provided



for in the resolution; and

(5) expenses that the commission is required or permitted to pay under IC 8-23-17.

(b) If the commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, the commission may provide for the total cost in one (1) issue of bonds.

(c) The bonds must be dated as set forth in the bond resolution and negotiable subject to the requirements of the bond resolution for the registration of the bonds. The resolution authorizing the bonds must state:

(1) the denominations of the bonds;

(2) the place or places at which the bonds are payable; and

(3) the term of the bonds, which may not exceed:

(A) fifty (50) years, for bonds issued before July 1, 2008; ~~or~~

(B) the term determined under subsection (m), for bonds issued after June 30, 2014, to refund bonds payable from tax proceeds allocated under section 26(b)(3) of this chapter; or

~~(B) (C) twenty-five (25) years, for bonds issued after June 30, 2008; that are not described in clause (A) or (B).~~

The resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the commission.

(d) The commission shall certify a copy of the resolution authorizing the bonds to the fiscal officer of the consolidated city, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds shall be executed by the city executive and attested by the fiscal officer. The interest coupons, if any, shall be executed by the facsimile signature of the fiscal officer.

(f) The bonds are exempt from taxation as provided by IC 6-8-5.

(g) The city fiscal officer shall sell the bonds according to law. Notwithstanding IC 36-3-5-8, bonds payable solely or in part from tax proceeds allocated under section 26(b)(3) of this chapter or other revenues of the district may be sold at private negotiated sale and at a price or prices not less than ninety-seven percent (97%) of the par value.

(h) The bonds are not a corporate obligation of the city but are an indebtedness of the redevelopment district. The bonds and interest are payable:

(1) from a special tax levied upon all of the property in the redevelopment district, as provided by section 19 of this chapter;



(2) from the tax proceeds allocated under section 26(b)(3) of this chapter;

(3) from other revenues available to the commission; or

(4) from a combination of the methods stated in subdivisions (1) through (3);

and from any revenues of the designated project. If the bonds are payable solely from the tax proceeds allocated under section 26(b)(3) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount without limitation.

(i) Proceeds from the sale of the bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issue.

(j) Notwithstanding IC 36-3-5-8, the laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers and voters to remonstrate against, or vote on, the issuance of bonds applicable to bonds issued under this chapter do not apply to bonds payable solely or in part from tax proceeds allocated under section 26(b)(3) of this chapter, other revenues of the commission, or any combination of these sources.

(k) If bonds are issued under this chapter that are payable solely or in part from revenues to the commission from a project or projects, the commission may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects, but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the commission. The commission may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the commission that are payable solely from revenues of the commission must contain a statement to that effect in the form of bond.

(l) The amount of the debt service reserve for a bond payable solely or in part from tax proceeds allocated under section 26(b)(3) of this chapter may not exceed the sum of:

(1) the amount of the reserve required by the bond indenture;
plus

(2) thirty percent (30%) of the annual amount required for



1 **debt service on the bond.**

2 **(m) The term of a bond issued under this chapter after June 30,**
 3 **2014, to refund a bond payable from tax proceeds allocated under**
 4 **section 26(b)(3) of this chapter may not exceed the lesser of:**

5 **(1) the period remaining between:**

6 **(A) the date the refunding bonds are issued under this**
 7 **chapter; and**

8 **(B) the current expiration date of the provision making the**
 9 **bond to be refunded payable from tax proceeds allocated**
 10 **under section 26(b)(3) of this chapter; or**

11 **(2) ten (10) years;**

12 **unless, in the case that the proposed term of the refunding bond**
 13 **would be greater than the term specified in subdivision (1) and less**
 14 **than or equal to the term specified in subdivision (2), each taxing**
 15 **unit wholly or partially located within the allocation area adopts**
 16 **a resolution allowing the term of the refunding bond to exceed the**
 17 **term specified in subdivision (1). Regardless, the term of the**
 18 **refunding bond may not exceed the term specified in subdivision**
 19 **(2).**

20 **(n) The refunding of bonds payable from tax proceeds allocated**
 21 **under section 26(b)(3) of this chapter may occur at most one (1)**
 22 **time:**

23 **(1) after the later of:**

24 **(A) June 30, 2014; or**

25 **(B) the effective date of the associated allocation provision;**
 26 **and**

27 **(2) before the expiration of the associated allocation provision.**

28 **SECTION 7. IC 36-7-15.1-26, AS AMENDED BY P.L.112-2012,**
 29 **SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 30 **JULY 1, 2014]: Sec. 26. (a) As used in this section:**

31 **"Allocation area" means that part of a redevelopment project area**
 32 **to which an allocation provision of a resolution adopted under section**
 33 **8 of this chapter refers for purposes of distribution and allocation of**
 34 **property taxes.**

35 **"Base assessed value" means the following:**

36 **(1) If an allocation provision is adopted after June 30, 1995, in a**
 37 **declaratory resolution or an amendment to a declaratory**
 38 **resolution establishing an economic development area:**

39 **(A) the net assessed value of all the property as finally**
 40 **determined for the assessment date immediately preceding the**
 41 **effective date of the allocation provision of the declaratory**
 42 **resolution, as adjusted under subsection (h); plus**



- 1 (B) to the extent that it is not included in clause (A), the net
 2 assessed value of property that is assessed as residential
 3 property under the rules of the department of local government
 4 finance, as finally determined for any assessment date after the
 5 effective date of the allocation provision.
- 6 (2) If an allocation provision is adopted after June 30, 1997, in a
 7 declaratory resolution or an amendment to a declaratory
 8 resolution establishing a redevelopment project area:
- 9 (A) the net assessed value of all the property as finally
 10 determined for the assessment date immediately preceding the
 11 effective date of the allocation provision of the declaratory
 12 resolution, as adjusted under subsection (h); plus
- 13 (B) to the extent that it is not included in clause (A), the net
 14 assessed value of property that is assessed as residential
 15 property under the rules of the department of local government
 16 finance, as finally determined for any assessment date after the
 17 effective date of the allocation provision.
- 18 (3) If:
- 19 (A) an allocation provision adopted before June 30, 1995, in
 20 a declaratory resolution or an amendment to a declaratory
 21 resolution establishing a redevelopment project area expires
 22 after June 30, 1997; and
- 23 (B) after June 30, 1997, a new allocation provision is included
 24 in an amendment to the declaratory resolution;
 25 the net assessed value of all the property as finally determined for
 26 the assessment date immediately preceding the effective date of
 27 the allocation provision adopted after June 30, 1997, as adjusted
 28 under subsection (h).
- 29 (4) Except as provided in subdivision (5), for all other allocation
 30 areas, the net assessed value of all the property as finally
 31 determined for the assessment date immediately preceding the
 32 effective date of the allocation provision of the declaratory
 33 resolution, as adjusted under subsection (h).
- 34 (5) If an allocation area established in an economic development
 35 area before July 1, 1995, is expanded after June 30, 1995, the
 36 definition in subdivision (1) applies to the expanded part of the
 37 area added after June 30, 1995.
- 38 (6) If an allocation area established in a redevelopment project
 39 area before July 1, 1997, is expanded after June 30, 1997, the
 40 definition in subdivision (2) applies to the expanded part of the
 41 area added after June 30, 1997.
- 42 **"Designated taxing unit" means a municipality, a township, a**



1 **school corporation, a library, a public transportation corporation,**
 2 **and a health and hospital corporation.**

3 **"Net assessed value" of real property includes the net assessed**
 4 **value of partially completed improvements to real property, as**
 5 **determined under rules of the department of local government**
 6 **finance.**

7 Except as provided in section 26.2 of this chapter, "property taxes"
 8 means taxes imposed under IC 6-1.1 on real property. However, upon
 9 approval by a resolution of the redevelopment commission adopted
 10 before June 1, 1987, "property taxes" also includes taxes imposed
 11 under IC 6-1.1 on depreciable personal property. If a redevelopment
 12 commission adopted before June 1, 1987, a resolution to include within
 13 the definition of property taxes taxes imposed under IC 6-1.1 on
 14 depreciable personal property that has a useful life in excess of eight
 15 (8) years, the commission may by resolution determine the percentage
 16 of taxes imposed under IC 6-1.1 on all depreciable personal property
 17 that will be included within the definition of property taxes. However,
 18 the percentage included must not exceed twenty-five percent (25%) of
 19 the taxes imposed under IC 6-1.1 on all depreciable personal property.

20 (b) **Subject to subsection (j)**, a resolution adopted under section 8
 21 of this chapter on or before the allocation deadline determined under
 22 subsection (i) may include a provision with respect to the allocation
 23 and distribution of property taxes for the purposes and in the manner
 24 provided in this section. **Subject to subsection (j)**, a resolution
 25 previously adopted may include an allocation provision by the
 26 amendment of that resolution on or before the allocation deadline
 27 determined under subsection (i) in accordance with the procedures
 28 required for its original adoption. **The allocation provision may apply**
 29 **to all or part of the redevelopment project area.** A declaratory
 30 resolution or an amendment that establishes an allocation provision
 31 after June 30, 1995, must specify an expiration date for the allocation
 32 provision. For an allocation area established before July 1, 2008, the
 33 expiration date may not be more than thirty (30) years after the date on
 34 which the allocation provision is established. For an allocation area
 35 established after June 30, 2008, the expiration date may not be more
 36 than twenty-five (25) years after the date on which the first obligation
 37 was incurred to pay principal and interest on bonds or lease rentals on
 38 leases payable from tax increment revenues. However, with respect to
 39 bonds or other obligations that were issued before July 1, 2008, if any
 40 of the bonds or other obligations that were scheduled when issued to
 41 mature before the specified expiration date and that are payable only
 42 from allocated tax proceeds with respect to the allocation area remain



1 outstanding as of the expiration date, the allocation provision does not
 2 expire until all of the bonds or other obligations are no longer
 3 outstanding. ~~The allocation provision may apply to all or part of the~~
 4 ~~redevelopment project area.~~ **After June 30, 2014, if bonds or other**
 5 **obligations payable from the tax increment revenues of an**
 6 **allocation area are paid in full before the earlier of the expiration**
 7 **date of the allocation provision specified in the declaratory**
 8 **resolution, or the amendment to the declaratory resolution, that**
 9 **established the allocation provision or the expiration date required**
 10 **by this section, the allocation provision expires on the date the**
 11 **bonds or other obligations payable from the tax increment**
 12 **revenues of the allocation area are paid in full or July 1, 2014,**
 13 **whichever is earlier.** The allocation provision must require that any
 14 property taxes subsequently levied by or for the benefit of any public
 15 body entitled to a distribution of property taxes on taxable property in
 16 the allocation area be allocated and distributed as follows:

17 (1) Except as otherwise provided in this section, the proceeds of
 18 the taxes attributable to the lesser of:

19 (A) the assessed value of the property for the assessment date
 20 with respect to which the allocation and distribution is made;
 21 or

22 (B) the base assessed value;
 23 shall be allocated to and, when collected, paid into the funds of
 24 the respective taxing units.

25 (2) The excess of the proceeds of the property taxes imposed for
 26 the assessment date with respect to which the allocation and
 27 distribution is made that are attributable to taxes imposed after
 28 being approved by the voters in a referendum or local public
 29 question conducted after April 30, 2010, not otherwise included
 30 in subdivision (1) shall be allocated to and, when collected, paid
 31 into the funds of the taxing unit for which the referendum or local
 32 public question was conducted.

33 (3) Except as otherwise provided in this section, property tax
 34 proceeds in excess of those described in subdivisions (1) and (2)
 35 shall be allocated to the redevelopment district and, when
 36 collected, paid into a special fund for that allocation area that may
 37 be used by the redevelopment district only to do one (1) or more
 38 of the following:

39 (A) Pay the principal of and interest on any obligations
 40 payable solely from allocated tax proceeds that are incurred by
 41 the redevelopment district for the purpose of financing or
 42 refinancing the redevelopment of that allocation area.



- 1 (B) Establish, augment, or restore the debt service reserve for
- 2 bonds payable solely or in part from allocated tax proceeds in
- 3 that allocation area.
- 4 (C) Pay the principal of and interest on bonds payable from
- 5 allocated tax proceeds in that allocation area and from the
- 6 special tax levied under section 19 of this chapter.
- 7 (D) Pay the principal of and interest on bonds issued by the
- 8 consolidated city to pay for local public improvements that are
- 9 physically located in or physically connected to that allocation
- 10 area.
- 11 (E) Pay premiums on the redemption before maturity of bonds
- 12 payable solely or in part from allocated tax proceeds in that
- 13 allocation area.
- 14 (F) Make payments on leases payable from allocated tax
- 15 proceeds in that allocation area under section 17.1 of this
- 16 chapter.
- 17 (G) Reimburse the consolidated city for expenditures for local
- 18 public improvements (which include buildings, parking
- 19 facilities, and other items set forth in section 17 of this
- 20 chapter) that are physically located in or physically connected
- 21 to that allocation area.
- 22 (H) Reimburse the unit for rentals paid by it for a building or
- 23 parking facility that is physically located in or physically
- 24 connected to that allocation area under any lease entered into
- 25 under IC 36-1-10.
- 26 (I) Reimburse public and private entities for expenses incurred
- 27 in training employees of industrial facilities that are located:
- 28 (i) in the allocation area; and
- 29 (ii) on a parcel of real property that has been classified as
- 30 industrial property under the rules of the department of local
- 31 government finance.
- 32 However, the total amount of money spent for this purpose in
- 33 any year may not exceed the total amount of money in the
- 34 allocation fund that is attributable to property taxes paid by the
- 35 industrial facilities described in this clause. The
- 36 reimbursements under this clause must be made within three
- 37 (3) years after the date on which the investments that are the
- 38 basis for the increment financing are made.
- 39 (J) Pay the costs of carrying out an eligible efficiency project
- 40 (as defined in IC 36-9-41-1.5) within the unit that established
- 41 the redevelopment commission. However, property tax
- 42 proceeds may be used under this clause to pay the costs of



1 carrying out an eligible efficiency project only if those
 2 property tax proceeds exceed the amount necessary to do the
 3 following:

4 (i) Make, when due, any payments required under clauses
 5 (A) through (I), including any payments of principal and
 6 interest on bonds and other obligations payable under this
 7 subdivision, any payments of premiums under this
 8 subdivision on the redemption before maturity of bonds, and
 9 any payments on leases payable under this subdivision.

10 (ii) Make any reimbursements required under this
 11 subdivision.

12 (iii) Pay any expenses required under this subdivision.

13 (iv) Establish, augment, or restore any debt service reserve
 14 under this subdivision.

15 **(K) Reimburse public and private entities for expenses**
 16 **incurred in obtaining information about the allocation**
 17 **area and making the information available to the public,**
 18 **including expenses for electronic equipment, license fees**
 19 **for software or access to data bases, and other related**
 20 **expenses.**

21 The special fund may not be used for operating expenses of the
 22 commission.

23 **(4) After June 30, 2014, the amount of tax increment revenue**
 24 **of an allocation area that is allocated and distributed under**
 25 **subdivision (3) during a year may not exceed one hundred**
 26 **thirty percent (130%) of the amount of tax increment**
 27 **revenues allocated and distributed under subdivision (3)(A)**
 28 **for the year, unless the legislative body of the consolidated**
 29 **city authorizes a percentage of the tax increment revenue to**
 30 **be allocated and distributed under subdivision (3) that**
 31 **exceeds one hundred thirty percent (130%) of the tax**
 32 **increment revenue allocated and distributed under**
 33 **subdivision (3)(A) for the year.**

34 ~~(4)~~ **(5)** Before July 15 of each year, the commission shall do the
 35 following:

36 (A) Determine the amount, if any, by which the assessed value
 37 of the taxable property in the allocation area for the most
 38 recent assessment date minus the base assessed value, when
 39 multiplied by the estimated tax rate of the allocation area will
 40 exceed the amount of assessed value needed to provide the
 41 property taxes necessary to make, when due, principal and
 42 interest payments on bonds described in subdivision (3) plus



the amount necessary for other purposes described in subdivision (3) and subsection (g). **After June 30, 2014, a determination made under this subdivision may not be changed after July 14 of a year unless each designated taxing unit wholly or partially located within the redevelopment district adopts a resolution approving the change before September 15 of the year.**

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection ~~(b)(4)~~, **(b)(5)**, be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property



1 tax replacement, and formulation of the budget, tax rate, and tax levy
 2 for each political subdivision in which the property is located is the
 3 lesser of:

- 4 (1) the assessed value of the property as valued without regard to
 5 this section; or
- 6 (2) the base assessed value.

7 (g) If any part of the allocation area is located in an enterprise zone
 8 created under IC 5-28-15, the unit that designated the allocation area
 9 shall create funds as specified in this subsection. A unit that has
 10 obligations, bonds, or leases payable from allocated tax proceeds under
 11 subsection (b)(3) shall establish an allocation fund for the purposes
 12 specified in subsection (b)(3) and a special zone fund. Such a unit
 13 shall, until the end of the enterprise zone phase out period, deposit each
 14 year in the special zone fund the amount in the allocation fund derived
 15 from property tax proceeds in excess of those described in subsection
 16 (b)(1) and (b)(2) from property located in the enterprise zone that
 17 exceeds the amount sufficient for the purposes specified in subsection
 18 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 19 payable from allocated tax proceeds under subsection (b)(3) shall
 20 establish a special zone fund and deposit all the property tax proceeds
 21 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 22 derived from property tax proceeds in excess of those described in
 23 subsection (b)(1) and (b)(2) from property located in the enterprise
 24 zone. The unit that creates the special zone fund shall use the fund,
 25 based on the recommendations of the urban enterprise association, for
 26 one (1) or more of the following purposes:

- 27 (1) To pay for programs in job training, job enrichment, and basic
 28 skill development designed to benefit residents and employers in
 29 the enterprise zone. The programs must reserve at least one-half
 30 (1/2) of the enrollment in any session for residents of the
 31 enterprise zone.
- 32 (2) To make loans and grants for the purpose of stimulating
 33 business activity in the enterprise zone or providing employment
 34 for enterprise zone residents in the enterprise zone. These loans
 35 and grants may be made to the following:
 - 36 (A) Businesses operating in the enterprise zone.
 - 37 (B) Businesses that will move their operations to the enterprise
 38 zone if such a loan or grant is made.
- 39 (3) To provide funds to carry out other purposes specified in
 40 subsection (b)(3). However, where reference is made in
 41 subsection (b)(3) to the allocation area, the reference refers for
 42 purposes of payments from the special zone fund only to that part



1 of the allocation area that is also located in the enterprise zone.
 2 (h) The state board of accounts and department of local government
 3 finance shall make the rules and prescribe the forms and procedures
 4 that they consider expedient for the implementation of this chapter.
 5 After each general reassessment of real property in an area under
 6 IC 6-1.1-4-4 and after each reassessment under a reassessment plan
 7 prepared under IC 6-1.1-4-4.2, the department of local government
 8 finance shall adjust the base assessed value one (1) time to neutralize
 9 any effect of the reassessment of the real property in the area on the
 10 property tax proceeds allocated to the redevelopment district under this
 11 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 12 department of local government finance shall adjust the base assessed
 13 value to neutralize any effect of the annual adjustment on the property
 14 tax proceeds allocated to the redevelopment district under this section.
 15 However, the adjustments under this subsection may not include the
 16 effect of property tax abatements under IC 6-1.1-12.1, and these
 17 adjustments may not produce less property tax proceeds allocable to
 18 the redevelopment district under subsection (b)(3) than would
 19 otherwise have been received if the general reassessment, reassessment
 20 under the reassessment plan, or annual adjustment had not occurred.
 21 The department of local government finance may prescribe procedures
 22 for county and township officials to follow to assist the department in
 23 making the adjustments.

24 (i) The allocation deadline referred to in subsection (b) is
 25 determined in the following manner:

26 (1) The initial allocation deadline is December 31, 2011.

27 (2) Subject to subdivision (3), the initial allocation deadline and
 28 subsequent allocation deadlines are automatically extended in
 29 increments of five (5) years, so that allocation deadlines
 30 subsequent to the initial allocation deadline fall on December 31,
 31 2016, and December 31 of each fifth year thereafter.

32 (3) At least one (1) year before the date of an allocation deadline
 33 determined under subdivision (2), the general assembly may enact
 34 a law that:

35 (A) terminates the automatic extension of allocation deadlines
 36 under subdivision (2); and

37 (B) specifically designates a particular date as the final
 38 allocation deadline.

39 **(j) After June 30, 2014, the commission may not adopt a**
 40 **proposed declaratory resolution or an amendment to a declaratory**
 41 **resolution that includes a provision for the allocation and**
 42 **distribution of property taxes in accordance with subsection (b) if**



1 the allocation provision would establish or enlarge an allocation
 2 area in such a manner that, if the resolution or amendment were
 3 adopted:

4 (1) the aggregate geographic area included in allocation areas
 5 of the redevelopment district would exceed fifteen percent
 6 (15%) of the geographic area of the redevelopment district;
 7 or

8 (2) the aggregate base assessed value included in allocation
 9 areas in the redevelopment district would exceed fifteen
 10 percent (15%) of the assessed value of property in the
 11 redevelopment district;

12 unless each designated taxing unit wholly or partially located
 13 within the redevelopment district first adopts a resolution
 14 approving the proposed declaratory resolution or amendment to
 15 a declaratory resolution.

16 SECTION 8. IC 36-7-15.1-36.2, AS AMENDED BY P.L.4-2005,
 17 SECTION 139, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2014]: Sec. 36.2. On a quadrennial basis, the
 19 general assembly shall provide for an evaluation of the provisions of
 20 this chapter, giving first priority to using the Indiana economic
 21 development corporation established under IC 5-28-3. The evaluation
 22 must be a fiscal analysis, including an assessment of the effectiveness
 23 of the provisions of this chapter to:

24 (1) create new jobs;

25 (2) increase income; and

26 (3) increase the tax base;

27 in the jurisdiction of the county. The fiscal analysis may also consider
 28 impacts on tax burdens borne by property owners. The fiscal analysis
 29 may also include a review of the practices and experiences of other
 30 states or political subdivisions with laws similar to the provisions of
 31 this chapter. The Indiana economic development corporation
 32 established under IC 5-28-3 or another person or entity designated by
 33 the general assembly shall submit a report on the evaluation to the
 34 governor, the president pro tempore of the senate, and the speaker of
 35 the house of representatives before ~~December 1, 2007~~, **January 1,**
 36 **2015**, and every fourth year thereafter. **The report submitted to the**
 37 **president pro tempore of the senate and the speaker of the house**
 38 **of representatives must be in an electronic format under IC 5-14-6.**

